

**GENERAL STUDIES**  
**PAPER- 3\_1**  
**INDIAN ECONOMY AND DEVELOPMENT**

**TIME ALLOWED: THREE HOURS**

**MAXIMUM MARKS: 250**

**Question Paper Specific Instructions**

**Please read each of the following instructions carefully before attempting questions:**

There are **TWENTY** questions printed only in **ENGLISH**.

**All** the questions are compulsory.

The number of marks carried by a question/part is indicated against it.

Answers must be written in the medium authorized in the Admission Certificate which must be stated clearly on the cover of this Question-cum-Answer (QCA) Booklet in the space provided. No marks will be given for answers written in a medium other than the authorized one.

Word limit in questions, wherever specified, should be adhered to.

Any page or portion of the page left blank in the Questions-cum-Answer Booklet must be clearly struck off.

**Answer all the following questions. Contents of the answer are more important than its length. All questions carry equal marks.** **12.5 X 20=250**

**Q1)** India's partnership with OECD's Automatic Exchange of Financial Information (AEFI) global treaty regime can be an important instrument in checking the flow of laundered money. But the AEFI regime itself is riddled with so many loopholes. Discuss.

**(200 words/12.5 marks)**

**Q2)** Stressed assets in the banking system in India are at an all-time high. What steps would be suggested to solve this crisis?

**(200 words/12.5 marks)**

**Q3)** "Skill Development in India is supply-driven but it should be demand-driven." Analyse.

**(200 words/12.5 marks)**

**Q4)** How can Differentiated Licencing solve the problems of Public Sector banks? Analyse.

**(200 words/12.5 marks)**

**Q5)** Will a lower policy interest rate give more incentive to invest? Discuss.

**(200 words/12.5 marks)**

**Q6)** In recent times; rate of Inflation has been declining and showing a trend of moderate settlement. Still Food prices are not coming down to that extent. Discuss the factors responsible for high food prices.

**(200 words/12.5 marks)**

**Q7)** Distinguish between Monetary Union and Economic Union. Do the proliferating trading blocs adversely affect the free trade in the world? Give reasons for your answer.

**(200 words/12.5 marks)**

**Q8)** "The estimates of increasing poverty in India have underlined the lesson that growing incomes do not necessarily trickle down to the bottom deciles. Even if they did, the process would be so slow that it would be intolerable in the time it would take." In the light of above statement, highlight the major premises on which first five decades of planned development was founded.

**(200 words/12.5 marks)**

**Q9)** "Statutory Liquidity Ratio (SLR) has traditionally been more a fiscal policy instrument than a monetary policy instrument in India." Comment.

**(200 words/12.5 marks)**

**Q10)** It is understandable if inflation goes up in an environment of accelerating economic growth. There could be a situation when the real economy is growing above its potential growth that could trigger inflation what economists call an overheating situation. India's current low growth-high inflation dynamics has been in contrast to this conventional economic theory. Explain the causes for such dynamics in India.

**(200 words/12.5 marks)**

**Q11)** What do you mean by 'green accounting'? Discuss how this concept can be incorporated in national income accounting.

**(200 words/12.5 marks)**

**Q12)** Do you think that full convertibility of rupee on capital account will help in accelerating India's economic growth? Give reasons.

**(200 words/12.5 marks)**

**Q13)** Direct taxes hit people more than indirect taxes. Analyse, citing state of Indian Economy as a case study.

**(200 words/12.5 marks)**

**Q14)** What do you understand by Sovereign Wealth Funds? In how many categories these funds have been classified and under what principles do they operate? Should India also form such a fund?

**(200 words/12.5 marks)**

**Q15)** Is climate vulnerability increasing the rate of interest on sovereign debt? How far do you agree with the principles of market in this regard? Discuss in the light of recent developments.

**(200 words/12.5 marks)**

**Q16)** “Liberalisation in India was shaped largely by the economic problems of the government rather than by the economic priorities of the people or by long-term development objectives.” Discuss

**(200 words/12.5 marks)**

**Q17)** “Healthy competition is not just the best way to grow but also the best way to include all citizens. Healthy growth-inducing inclusive competition does not,

however, emerge on its own. Without intervention, we get the competition of the jungle, where the strong prey on the weak.” Discuss citing relevant examples of Indian context.

**(200 words/12.5 marks)**

**Q18)** Discuss the challenges faced by Public Sector banks in India and also suggest measures to cope up with these challenges.

**(200 words/12.5 marks)**

**Q19)** “Income tax is inherently biased against savings.” Comment. Should the provisions of Income Tax be abolished?

**(200 words/12.5 marks)**

**Q20)** Compare and Contrast Place of Effective Management (PoEM) with Controlled Foreign Corporations Law (CFCs). Which one would you prefer for India?

**(200 words/12.5 marks)**

**UPSC CIVIL SERVICES MAINS EXAMINATION**

**ANSWER SHEET**

<b>NAME</b>																					
<b>MOBILE NO.</b>	<table border="1"> <tr> <td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td> </tr> </table>																				

<b>SUBJECT</b>	<b>Indian Economy and Development</b>
<b>REGISTRATION NO.</b>	
<b>UPSC PRELIMS ROLL NO.</b>	

<b>DATE</b>	<b>July 21<sup>st</sup>, 2018</b>
<b>TIME ALLOWED: 3 HOURS</b>	

INDEX TABLE			
QUES.NO	PAGE NO.	MAXIMUM MARKS	MARKS OBTAINED
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2.			
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**TOTAL MARKS**

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**INSTRUCTIONS**

- PLEASE NOTE THAT IT IS THE CANDIDATE'S RESPONSIBILITY TO ENCODE AND FILL THE FIRST PAGE OF THE ANSWER SHEET AS REQUIRED. IN ANY CASE IF IT IS LEFT VACANT, YOUR ANSWER WILL NOT BE EVALUATED.
- DO NOT WRITE ANYTHING ELSE ON THIS SHEET.
- PLEASE CHECK YOUR ANSWER SHEET BEFORE STARTING THE PAPER. IF YOU FIND ANY ERROR, GET IT REPLACED BY ANOTHER ONE.
- PLEASE FOCUS ON THE RELEVANCY OF THE CONTENT AND SKILL OF WRITING WHILE WRITING THE EXAM.



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